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Date: 1/6/2011

GAIN Report Number: ID1101

Indonesia

Post: Jakarta

Rice and Corn Update January 2011

Report Categories:

Grain and Feed

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Report Highlights:

Shortages of rice and corn from domestic production have resulted in increased imports of both rice and corn into Indonesia. In marketing year (MY) 2009/10, Indonesian imports of rice and corn are estimated to reach 1.150 million metric tons (MMT) and 1.2 MMT respectively.

General Information:

Production:

Rice

The prolonged rainy season brought negative impacts to Indonesian food crop production in MY 2009/10. The unremitting planting of paddy in MY 2009/10 led to increased incidents of the pest outbreaks (Please refer to GAIN ID1023). In addition, much of the rice harvest occurred during the rainy season and then during an unusually rainy dry season. This lowered the quality of paddy resulting from higher moisture content, broken kernels, and empty husks. The lower quality paddy reduced the milling rate to 63.5 percent from normally 64.5 percent. Given the rain-damaged rice harvest throughout the year, Post estimated that Indonesian MY 2009/10 rice production declined to 36.4 MMT compared to the previous MY2008/09 of 38.3 MMT of milled rice equivalent.

Post learned during a recent field trip to West Java that most farmers in the area started the first planting season of MY 2010/11 in mid-November 2010. Some pest problems continue to occur. Reportedly there is a rodent outbreak in East Java and West Java. Farmers are also taking some measures to manage rats, such as fencing the field with plastic barrier or erecting electrical barriers. The first main harvest is expected to take place in late February to March 2011 and will contribute an estimated 55-60 percent of annual rice production.



Farmers in Subang, West Java planting the first crop of 2011 in late November 2010.

Corn

Indonesian hybrid corn seed producers reported that the prolonged rainy season in MY 2009/10 had a significant impact on their annual seed sales. The most significant reduction in seed sales occurred during the second half of the peak planting season from June through August 2010. During this period, farmers normally grow their secondary crop following their rice harvest. However, since there remained enough water from rain or irrigation, many farmers continued growing paddy. Other farmers sought to reduce their input costs for a crop threatened by downy mildew or other weather-related pest and disease by shifting back to local non hybrid corn seed instead of incurring the added costs of growing hybrid corn. Nonetheless, the downy mildew and other weather related pest and disease affected both the non hybrid and hybrid corn. It led to an overall lower yield of 10-15 percent.

Referring to the recent release of the third forecast food crops production data from the Indonesian National Statistics Agency (BPS), Post estimates the total MY 2009/10 harvested area to reach 3.06 million hectares. Based on the harvested area and yield, Post estimates the MY 2009/10 Indonesian corn production to decline by 21 percent to 6.9 MMT compared to the previous MY 2008/09 of 8.7 MMT.

Assuming a return to more normal weather patterns in MY 2010/11 which is currently being predicted for the long-term forecast by the Indonesian Meteorology, Climatology, and Geophysics Agency (BMKG), industry is confident that the yields will return to normal levels. The seed producers expect an increased use of hybrid seed and plan to move their carryover stock from disappointing sales this past year. More farmers in upland areas are reportedly growing corn during the first quarter of MY 2010/11. Therefore, Post forecast the MY 2010/11 corn production to rebound to 8.4 MMT.

Trade:

Rice

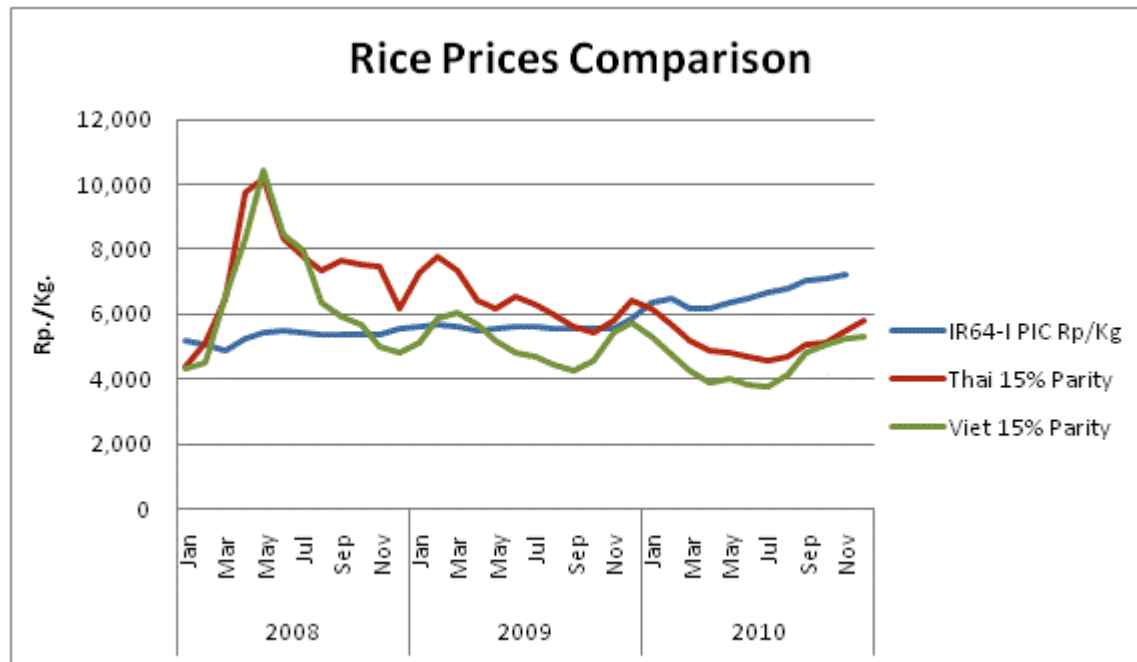
In order to maintain BULOG's minimal stock level of 1.5 MMT of rice - which as of December 23, 2010 stood at 1.42 MMT - the Government of Indonesia (GOI) has authorized the Indonesian national logistic agency (BULOG) to import 1.5 MMT of rice. BULOG has reportedly contracted for 1.230 MMT of rice from Thailand and Vietnam. Approximately 800,000 MT is purchased from Vietnam while the balance is from Thailand. Around 600,000 MT of the imported rice has arrived in the country by the end of 2010 while another 630,000 MT of the imported rice must arrive in Indonesia prior to the first rice main harvest period in late February 2011. Some of the imported rice is going for BULOG's market operation in order to dampen the price of medium quality rice in the domestic market.

Shortages of supplies from Indonesia's major rice producing areas have driven up prices of the popularly-consumed medium quality rice throughout Indonesia. As seen in the following chart, the price of Indonesian medium quality rice (IR64-I) during the period of January – November 2010 was

still above the landed price of Thai 15% broken and Vietnamese 15% broken. This price disparity continues to provide incentives for illegal imports, especially through Indonesian border areas.

Reportedly, an estimated 250,000 MT of rice has been illegally imported into Indonesia. Combined with BULOG imports and specialty rice imports, Post estimates that the MY 2009/10 milled rice imports reached 1.15 MMT.

With the on-going market operation and the upcoming main harvest period, local observers expect the price of medium quality rice to stabilize. Assuming that the price disparity between Indonesian medium quality rice and Thai 15% and Vietnamese 15% broken is not as high as last year, Post expects that the amount of rice illegally imported into Indonesian border areas will be less than 100,000 MT in MY 2010/11. Post forecasts that during MY 2010/11, Indonesian rice imports will reach 950,000 MT. These imports will be a combination of carryover imports contracted by BULOG in 2010 and specialty rice imports through the private sector.



Source: Cipinang Rice Wholesale Market and The Rice Trader, processed by FAS/Jakarta.

Stocks:

Rice

Given the aforementioned shortage of supply from domestic market and some additional from imports that go for market operation, the MY 2009/10 ending stock is estimated to decline to 6.6 MMT compared to 7.57 MMT in previous MY 2008/09.

Policy:

Rice

In order to support imports of rice by Bulog, in December 22, 2010 GOI issued the Indonesian Minister of Finance Regulation number 241/PMK.011/2010 reducing the import duty of rice (HS Code 1006.30.90.00) to zero. This regulation is effective since the date of the stipulation to March 31, 2011. Starting from April 1, 2011 the import duty for rice will resume to Rp. 450/kg (USD 50/MT).

Production, Supply and Demand Data Statistics :

PSD: Rice, Milled

Rice, Milled Indonesia	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	12,170	12,170	12,100	12,100	12,100	12,100
Beginning Stocks	5,607	5,607	7,057	7,057	7,157	6,577
Milled Production	38,300	38,310	37,100	36,370	38,000	38,000
Rough Production	59,380	59,395	57,519	57,276	58,915	58,915
Milling Rate (.9999)	6,450	6,450	6,450	6,350	6,450	6,450
MY Imports	250	250	800	1,150	650	950
TY Imports	250	250	800	1,150	650	950
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	44,157	44,167	44,957	44,577	45,807	45,527
MY Exports	10	10	0	0	0	0
TY Exports	10	10	0	0	0	0
Consumption and Residual	37,090	37,100	37,800	38,000	38,550	38,550
Ending Stocks	7,057	7,057	7,157	6,577	7,257	6,977
Total Distribution	44,157	44,167	44,957	44,577	45,807	45,527
Yield (Rough)	5.	4.8804	5.	4.7336	5.	4.869
TS=TD		0		0		0

Note: The last column of each MY is not USDA official figures.

PSD: Corn

Corn Indonesia	2008/2009	2009/2010	2010/2011
	Market Year Begin: Oct 2008	Market Year Begin: Oct 2009	Market Year Begin: Oct 2010

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,220	3,220	2,700	3,060	3,150	3,150
Beginning Stocks	1,268	1,268	1,284	1,284	459	359
Production	8,700	8,700	7,000	6,900	8,400	8,400
MY Imports	317	317	1,200	1,200	800	800
TY Imports	317	317	1,200	1,200	800	800
TY Imp. from U.S.	21	21	74	75	0	0
Total Supply	10,285	10,285	9,484	9,384	9,659	9,559
MY Exports	101	101	25	25	50	25
TY Exports	101	101	25	25	50	25
Feed and Residual	4,400	4,400	4,500	4,500	4,700	4,800
FSI Consumption	4,500	4,500	4,500	4,500	4,500	4,500
Total Consumption	8,900	8,900	9,000	9,000	9,200	9,300
Ending Stocks	1,284	1,284	459	359	409	234
Total Distribution	10,285	10,285	9,484	9,384	9,659	9,559
Yield	3.	2.7019	3.	2.2549	3.	2.6667
TS=TD		0		0		0

Note: The last column of each MY is not USDA official figures.

Author Defined:

Rainfall Pattern at Selected Station in Rice/Corn Producing Areas (in millimeters, except where stated)												
JATIWANGI (WEST JAVA)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	405	438	209	315	62	77	6	85	1	20	216	190
2008	651	208	436	160	83	32	0	4	1	44	528	493
2009	231	208	279	211	57	n/a	0	0	1	53	398	191
2010	231	332	492	278	385	161		112	216	195	287	
TEGAL (CENTRAL JAVA)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	118	276	99	154	131	137	32	4	0	17	153	437
2008	229	169	295	277	19	85	21	35	2	74	115	259
2009	140	169	112	60	161	n/a	0	1	20	8	92	57
2010	122	242	152	263	200	193		121	143	64	159	
SURABAYA (EAST JAVA)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	108	494	293	193	40	75	4	0	0	12	62	173
2008	250	124	144	132	22	17	0	0	0	59	180	269
2009	357	124	204	164	256	n/a	0	0	0	0	25	166
2010	507	368	295	226	354	90		14	129	246	113	
DENPASAR (BALI)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	209	165	354	310	18	22	2	40	1	78	76	567
2008	419	403	246	93	65	25	8	1	6	121	67	268
2009	442	403	172	59	49	n/a	23	1	32	14	28	257
2010	199	177	76	327	56	21		64	286	214	146	
UJUNG PANDANG (SOUTH SULAWESI)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	821	618	49	138	107	124	9	18	26	28	166	854
2008	507	762	255	100	15	78	27	5	6	83	320	481
2009	617	762	196	158	132	n/a	32	1	81	32	151	370

2010	620	409	156	121	311	238		93	315	185	223	
LAMPUNG												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	358	59	59	305	-	122	86	20	18	26	73	431
2008	198	126	199	171	38	35	26	109	27	147	174	313
2009	233	126	218	143	94	n/a	15	58	21	152	176	102
2010	137	231	270	91	84	24		72	99	176	204	

Source: BMKG

RICE PRODUCTION: AREA AND PRODUCTION BY REGION

(Third Estimate Figures by the Government of Indonesia for 2010)

Harvested Area, Production, and Yield of Rice, 2010*

Province	Harvested Area (Ha)	Production (MT)	Yield (Ton/Ha)
North Sumatera	752,019	3,586,861	4.77
South Sumatera	769,712	3,249,334	4.22
Sub Total: Sumatera	3,358,047	15,100,294	4.50
West Java	2,008,573	11,650,160	5.80
Central Java	1,786,591	10,079,212	5.64
East Java	1,932,694	11,375,779	5.89
Sub Total: Java	6,280,933	35,995,608	5.73
West Nusa Tenggara	375,077	1,779,187	4.74
Sub Total: Bali & Nusa Tenggara	698,185	3,166,854	4.54
West Kalimantan	430,499	1,358,292	3.16
South Kalimantan	473,264	1,944,888	4.11
Sub Total: Kalimantan	1,294,193	4,528,615	3.50
Central Sulawesi	211,173	986,126	4.67
South Sulawesi	855,414	4,273,767	5.00
Sub Total: Sulawesi	1,416,777	6,924,216	4.89
Other Provinces/Islands	69,985	265,083	3.79
TOTAL INDONESIA	13,118,120	65,980,670	5.03

Source: Central Bureau of Statistics (BPS).

Note: *GOI Third Estimate 2010

CORN PRODUCTION: AREA AND PRODUCTION BY REGION

(Third Estimate Figures by the Government of Indonesia for 2010)

Harvested Area, Production, and Yield of Corn, 2010*

Province	Harvested Area	Production (MT)	Yield
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	(Ha)			(MT/Ha)
		(Wet Basis)	(Dry Basis)	
North Sumatera	279,701	1,428,813	1,000,169	5.11
Lampung	435,046	2,075,708	1,452,996	4.77
Sub Total: Sumatera	895,124	4,286,283	3,000,398	4.79
West Java	152,358	905,439	633,807	5.94
Central Java	668,435	3,233,952	2,263,766	4.84
East Java	1,244,824	5,068,497	3,547,948	4.07
Sub Total: Java	2,157,424	9,563,832	6,694,682	4.43
East Nusa Tenggara	243,618	650,003	455,002	2.67
Sub Total: Bali & Nusa Tenggara	332,635	967,177	677,024	2.91
West Kalimantan	42,537	172,737	120,916	4.06
South Kalimantan	22,878	117,723	82,406	5.15
Sub Total: Kalimantan	73,044	311,083	217,758	4.26
North Sulawesi	134,856	493,317	345,322	3.66
South Sulawesi	302,498	1,296,161	907,313	4.28
Gorontalo	126,767	583,870	408,709	4.61
Sub Total: Sulawesi	651,866	2,669,855	1,868,899	4.10
Other Provinces/Islands	23,692	46,446	32,512	1.96
TOTAL INDONESIA	4,133,785	17,844,676	12,491,273	4.32

Source: Central Bureau of Statistics (BPS).

Note: *GOI Third Estimate 2010

Note:

Exchange rate is Rp. 9,014/USD 1, as of December 2010.